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INFO OCT-01 ADS-00 ONY-00 SSO-00 SVC-00 /013 W -----109769 110914Z /12-R

0 1108402 JUL 80 FM AMEMBASSY SEDUL TO SECSTATE WASHDC IMMEDIATE 7688 INFO SA CINCUNC KS CHJUSMAG SEDUL KS COMUSKOREA SEOUL KS//BJ-IS

SECTION O1 OF Q2 SECUL 08917

E.O. 12065: GDS 07/11/86 (GLEYSTEEN, W. H.) OR-M TAGS: PERR MILI PINT SHUM KS US

SUBJECT: RESPONSES TO WOLFF SUBCOMMITTEE

STATE_151043

ENTITE TEXT)

- 2. THE EMBASSY BELIEVES THAT IN GENERAL THE PROPOSED ANSWERS TO THE WOLFF SUBCOMMITTEE ARE APPROPRIATELY STRAIGHTFGRWARD AND COMPLETE. WE HAVE THE FOLLOWING SUGGESTEE CHANGES.
- 3. ANSWER 2 SHOULD READ AS FOLLOWS:

"FORMAL LEGITIMACY HAS BEEN RETAINED BY THE AUTHORITIES IN SECUL. . REESIDENT CHOI KYU-HAH HAS CONTINUED IN HIS CONSTITUTIONAL OFFICE, AND A CIVILIAN CABINET REMAINS. HOWEVER, A NUMBER OF EXTRAORDINARY ARRANGEMENTS HAVE BEEN MADE SINCE MID-MAY, INCLUDING PREVENTING THE NATIONAL ASSEMBLY "FROM "MEETING OR FUNCTIONING AND THE ESTABLISHING OF MILITARY-GIVIL "SPECIAL COMMITTEES FOR NATIONAL SECURITY MEASURES" WHICH ARE INCREASINGLY ASSUMING

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AUTHORITY NORMALLY RESERVED TO THE CABINET, LEGISLATURE, AND OTHER AGENCIES OF THE GOVERNMENT.

THE SENIOR ARMY OFFICERS WHO WIELD VERY GREAT AUTHORITY OVER ALL ASPECTS OF KOREAN GOVERNMENT AT THE PRESENT TIME DO SO FORMALLY THROUGH THE MECHANISM OF EXTENDED MARTIAL LAW, ALTHOUGH THEIR ACTIONS HAVE A DEPTH AND PATTERN WHICH GOES MORE DEEPLY INTO THE GOVERNMENTAL SYSTEM THAN WOULD APPEAR TO BE WARRANTED BY CONSIDERATIONS OF

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RESTORING SECURITY AND ORDER."

REMAINDER OF ANSWER 2 SHOULD REMAIN UNCHANGED.

4. ANSWER 3 SHOULD READ AS FOLLOWS:

"THERE HAVE NOT BEEN ENOUGH SIGNIFICANT RELEASES SINCE THE EXTENSION OF MARTIAL LAW IN MID-MAY TO INDICATE A MAJOR EFFORT AT RECONCILIATION OR LENIENCY. IN THE WAKE OF THE LARGE STUDENT DEMONSTRATIONS IN SEOUL AND THE SUBSEQUENT NEAR-INSURRECTION IN THE SOUTHERN CITY OF KWANGJU IN MAY, LARGE NUMBERS OF PERSONS WERE DETAINED BY MARTIAL LAW AUTHORITIES FOR INVESTIGATION. REPORTEDLY, OVER 1,000. HAVE SUBSEQUENTLY BEEN RELEASED WITHOUT CHARGES, BUT THIS WOULD APPEAR TO BE NO MORE THAN THE RESULT OF A SCREENING AND INVESTIGATIVE PROCESS RATHER THAN RELEASES OF THOSE AGAINST WHOM THE GOVERNMENT FELT IT HAD A CASE.

A SMALL NUMBER OF POLITICIANS, INCLUDING THE PRESIDENT OF THE DEMOCRATIC REPUBLICAN PARTY, FORMER PRIME MINISTER KIM JONG-PIL. AND SEVERAL OTHER FORMERLY PROMINENT INDIVIDUALS WERE RELEASED AT THE BEGINNING OF JULY AFTER HAVING REPORTEDLY AGREED TO TURN MOST OF THEIR WEALTH OVER TO THE GOVERNMENT AND TO REFRAIN FROM ANY FURTHER



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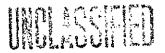
POLITICAL OR POLITICAL PARTY PARTICIPATION. THESE INDIVIDUALS HAVE BEEN PUBLICLY ACCUSED OF CORRUPTION, ALTHOUGH NO LEGAL PROCEEDINGS WERE EVER HELD AND THEIR REMOVAL FROM THE POLITICAL SPECTRUM SEEMS TO HAVE BEEN EXTRACTED IN RETURN FOR THEIR FREEDOM. A VERY SMALL NUMBER OF OTHER INDIVIDUALS WHO WERE DETAINED, INCLUDING SOME NATIONAL ASSEMBLYMEN, HAVE ALSO BEEN RELEASED."

REMAINDER OF ANSWER 3 SHOULD REMAIN UNCHANGED.

5. ANSWER & SHOULD READ AS FOLLOWS:

"AFTER NEARLY TWO DECADES OF SPECTACULAR ECONOMIC GROWTH DURING WHICH REAL INCREASES IN GNP AVERAGED ABOUT 9.5 PERCENT ANNUALLY, KOREAN ECONOMIC GROWTH SLOWED TO 7.1 PERCENT IN 1979. PART OF THE SLOWDOWN WAS SELF-INDUCED AS THE GOVERNMENT IN EARLY 1979 ADDPTED A STABILIZATION PROGRAM TO COMBAT GROWING INFLATIONARY PRESSURES, BUT THE DOWNTURN WAS MUCH SHARPER THAN EXPECTED DUE TO LAST YEAR'S PETROLEUM PRICE INCREASE AND THE SLOWDOWN IN THE WORLD ECONOMY. FOR THE FIRST HALF OF 1980, GNP HAS DECLINED ABOUT 2 PERCENT AND OVERALL GROWTH FOR THE YEAR WILL BE MINIMAL. ALTHOUGH KOREAN ECONOMIC PLANNERS EXPECT THE INFLATION (#)

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ECONOMIC SLOWDOWN AND RISING UNEMPLOYMENT."

PARAGRAPH BEGINNING "WHILE KOREA EXPERIENCED..." REMAINS UNCHANGED.



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NOTE BY OC/T: SEOUL 8917/1. (#)OMISSION PARA 5 CORRECTION TO FOLLOW.

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"ALTHOUGH IT IS DIFFICULT TO QUANTIFY, THESE ECONOMIC ILLS HAVE UNDOUBTEDLY BEEN EXACERBATED SOMEWHAT BY RECENT POLITICAL PROBLEMS. EXPORT GROWTH WAS NEGATIVE IN REAL TERMS LAST YEAR AND IS WELL BELOW ITS RECENT HISTORICAL TREND THIS YEAR. INVESTMENTS HAVE FALLEN SHARPLY, AND BOTH SECTORS ARE SUBJECT TO THE PSYCHOLOGICAL EFFECTS OF POLITICAL DISTURBANCES. BEYOND THAT, WE ASSUME THAT DISRUPTIONS HAVE OCCURRED IN THE ECONOMY BECAUSE OF DECREASED EFFIGIENCY IN BOTH GOVERNMENT AND PRIVATE SECTORS CAUSEDLBY HIGH-LEVEL PERSONNEL CHANGES AND CIVIL DISORDERS. LATEST INDICATORS POINT TO CONTINUING SERIOUS PROBLEMS SN-THE ECONOMY, ALTHOUGH THERE ARE DEFINITE SIGNS INFLATIONARY PRESSURES ARE ABATING. IT MAY TAKE SOME TIME BEFORE THE ECONOMY REGAINS ITS PREVIOUS MOMENTUM; TO A LARGE EXTENT THESE WILL DEPEND ON THE INTERNATIONAL ENERGY SITUATION AND THE MAINTENANCE OF AN OPEN TRADING SYSTEM AS WELL AS A STABILIZATION OF THE DOMESTIC POLITICAL PROCESS. BARRING WIDESPREAD CIVIL DISORDER, LONG-TERM ECONOMIC PROSPECTS REMAIN GOOD."

6. WITH REGARD TO ANSWER 9, COMUSKOREA OFFERS A*CHANGE TO MORE ACCURATELY DESCRIBE THE RESERVE ROLES OF THE MARINE AND 20TH DIVIDION UNITS. THE LAST SENTENCE SHOULD BE REPLACED BY THE FOLLOWING: QUOTE: THE MARINE ELEMENTS

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ARE PART OF THE RESERVE FORCES OF THE COMBINED COMMAND, AND THE 20TH DIVISION SERVES AS A RESERVE OF A FORWARD ARMY." GLEYSTEEN

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